

propelling engine for aircraft. It is only a matter of time before the gas turbine in its simplest form is developed to so small a size and weight and yet to so high an efficiency that it will be able to compete with the combustion engines now solely employed for this purpose. It is pretty certain that plans and designs of airplanes with a gas-turbine drive have been drawn up and calculated; but it is more than doubtful

whether any such scheme has already materialized. There is still more than one problem to be solved, and the reliability of the gas turbine depends to a great extent on the durability and other qualities of the metals used in the construction of the engine.

It can be safely predicted, however, that these problems will be solved sooner or later, and that this newest of prime movers is facing a great future.

GERMANY'S TRADE IN EUROPE

THE restraint imposed by the war upon the publication of German foreign-trade figures has led to a plethora of rumors and statements regarding Germany's trade relations with the rest of Europe. The fifth anniversary of the outbreak of the war seems an opportune time to present a picture of the actual course taken by Germany's foreign trade. Let us begin with the figures themselves.

Without the Ostmark (former Austria) they were as follows:

Year	Imports (in billion Reichsmark)	Exports
1938	5.4	5.2
1939	4.8	5.2
1940	5.0	4.9
1941	6.9	6.8
1942	8.7	7.6
1943	8.3	8.6

These few figures speak their own language. The interruption of connections with overseas resulting from the outbreak of war led at first to a slight decrease in foreign trade. This decrease was, however, soon made up for by directing the trade that formerly went overseas to the European continent. As time went on, Germany succeeded in considerably increasing the economic ties with the friendly and neutral countries of Europe in spite of the war. The many years of preliminary work put into the trade with southeastern Europe were particularly fruitful. The growth in trade continued without interruption, so that the figures for 1943 for imports as well as for exports exceed the prewar figures by 50 per cent.

The figures quoted refer to actual trade only. Supplies of war material to allied and friendly countries are only included

Germany's foreign trade during five years of war is the subject of this article, which was telegraphed to us from Berlin.

when such supplies were delivered within the compass of mutual trade agreements. On the other hand, the large supplies of arms and war materials delivered by Germany in the form of military aid to her allies are not included in foreign-trade statistics. This aid to her allies represents several times the value of the material actually bought and must be regarded as considerable additional exports on the part of Germany.

The increase of Germany's foreign trade is not diminished if one takes into account the rising prices among her partners in trade. For although the wholesale-price index in a number of countries on the Continent has risen by 100 per cent or more since the beginning of the war, Germany herself with her controlled economics forms a stable island in the sphere of prices. Moreover, Germany has made long-term reciprocal price agreements with most of her trade partners, so that the quantity and value of the trade with Germany is often hardly affected by price fluctuations. Hence German exports have risen during the war in quantity too.

BALANCED FOREIGN TRADE

The above figures show that, thanks to Germany's unbroken export strength, German foreign trade could be kept more or less balanced throughout the years of war. Neither in the case of imports nor of exports was there any considerable or continued surplus. The only exception is to be found in 1942, when there was an import surplus

of 1.1 billion Reichsmark. This led at the time to a certain clearing debt on the part of Germany; but in 1943 the first step toward the bringing about of a balance was already made. As a result, the past year closed with a surplus of 300 million Reichsmark on the export side. In all cases where individual countries still have genuine clearing demands on Germany, this is due solely to delays in delivery occasioned by present conditions; these delays will rapidly be made up for after the conclusion of peace by Germany's industry, whose capacity has been vastly increased by war production. At any rate, Germany's genuine clearing debts are much lower than, for instance, England's debts to the Empire and the neutrals, not to mention the Lend-Lease debts. With the allied and friendly countries, Germany was even able to achieve an active balance, for Germany delivered far more to her allies than she received from them.

Germany's trade with southeastern Europe showed an active surplus of together almost 300 million Reichsmark for the years 1941 and 1942. In other words, Germany is placing her economic strength at the disposal of her allies, even if this means considerable curtailments for the German consumer. If Germany is importing surpluses in agricultural products and raw materials from her allies, she in turn is supplying industrial products and consumer goods which are indispensable for the maintenance of the economic structure of those countries.

It may seem contradictory that, in spite of this active trade balance, Germany's balance of payments with her allies shows a considerable debit. But these debits do not arise from any disparity in trade. In part Germany's passive balance of payments is to be explained by the long terms she allows for the payment of her industrial supplies. Above all, however, Germany has to undertake considerable burdens for account of services rendered; for example, she has to compensate her allies for the large costs arising from the transporting and feeding of German troops. Another constant weighty burden is represented by the remittances of wages made by the foreign laborers who, in 1943 alone, sent home savings amounting to 960 million marks. From 1940 to 1943, savings totaling more than 2 billion marks were transferred abroad in this way. This figure does not include the

amounts foreign laborers are permitted to take out when they go on leave, etc.

TRADE WITH THE NEUTRALS

Although the major part of Germany's foreign trade in the war goes to the allied and friendly countries and the occupied territories, the trade with the neutrals is by no means insignificant, and this applies again to both sides. Some of the neutrals are perhaps even more dependent on the trade with Germany than the other way round, all the more so as a properly functioning transit of goods throughout Europe is impossible during the war without the aid of Germany. The trade of the neutral countries of the Continent has always been directed chiefly at the other European countries, and during the war this dependence has increased considerably. Thus, for instance, over 85 per cent of Sweden's trade is with the countries of the Continent and must to a large extent avail itself of transit through Germany, although German communications are sufficiently strained by the war. Switzerland, who is entirely surrounded by the German sphere of power, is in a similar position. As far as these two neutrals are still able to maintain a convoy traffic with overseas, this is also only possible with Germany's compliance.

But even with Germany alone, not including the occupied territories, the economic ties of the European countries are such that there are few neutral or friendly countries in whose foreign trade Germany's share does not amount to 50 or even 70 to 80 per cent. Germany has seen to it that her trade with the neutrals is balanced, so that no large or continued debt can arise on either side.

If Germany is obtaining valuable ores or essential industrial products from some of the friendly or neutral countries, this is not due only to a particularly accommodating spirit on the part of her trade partners: Germany pays for them with no less valuable or indispensable goods. For example, Germany has undertaken to supply the coal requirements not only of her allies but of various neutral countries as well. As a consequence, Germany's industry and the German consumer have had to put up with a curtailment of their own supplies. Even if the German counterblockade were not there to prevent it, the Allies would by no means be able to undertake such huge coal supplies to the neutrals, since Germany's opponents are themselves suffering from a

shortage of coal as well as of shipping space.

There is not a single country on the Continent which could do without its vital supplies from Germany. One glance at the display windows of the large shops in the capitals of the neutral or friendly countries suffices to show what Germany is still exporting in the way of high-quality consumer goods, although the home demand must often remain unsatisfied. The German consumer finds it by no means easy to forego such conveniences of a high standard of living, but he regards this as one of the sacrifices to be made in war time.

Germany is aware of the fact that interstate commerce in war time must be based on give and take, on reciprocity. Without the import of essential raw materials or valuable machinery and consumer goods from Germany the economic structure of most of the countries of the Continent could not be maintained. An interruption of the supplies from Germany and the cessation of the rich marketing possibilities in Germany would plunge these countries into a serious economic crisis with growing unemployment. By maintaining its high standard, Germany's foreign trade has become the economic backbone of a Continent at war.

THE KAISER OF AMERICA

DURING the Great War it was Henry Ford who—probably unintentionally—became a legendary figure; in this war a similar myth is being built up around Henry Kaiser. Like Ford, Kaiser is already regarded as being the creator of modern war production, and, like Ford, he is expected to introduce a golden postwar decade and to exploit the gigantic equipment of the war potential for peaceful purposes after the war. The purpose of this propaganda for Kaiser is, above all, to emphasize that it is not the anonymous machinery of the state which has made possible the tremendous war production but, as has always been the case in America, private enterprise, for which new record achievements are being claimed, particularly since the outbreak of war.

It is, however, rather questionable whether this private enterprise is being done a service by limelighting Kaiser of all people. For Kaiser's undertakings lack the very feature characterizing the nature of private enterprise, a feature which Ford possessed to a marked extent: personal risk, the investment of private capital. Kaiser is the representative of an economic system which cannot possibly exist without the state as the supporter and initiator of the enterprise. Kaiser has always done business with the state only, received his funds from the state, and risen to his present position by means of the state. Without the state he would be nothing, for he is not an *entrepreneur* in the true sense but only a "contractor."

Hero worship is embedded in the soul of every nation. In time of war especially, a nation creates legendary figures. The figures surrounded by these legends always throw a revealing light on the mentality of the nation that has chosen them.

The story of his rise runs true to the demands of American legend. Born the son of a poor cobbler in New York, Kaiser's first successful venture was in the photographic business. Soon after the turn of the century, however, he went to the American Northwest, and here he turned into the typical Westerner in the unfettered scope of his thoughts and actions. He started a sand and gravel business, and by 1913 he was working—on his own and with a small capital—at his first public contract, the surfacing of a highway. From then on he made his living by public contracts, profiting from his contract prices and building up his business as a road contractor. In the first few years after the Great War, he was able to merge fifteen sand and gravel pits into his business and combined his various enterprises under the name of "Henry J. Kaiser Co., Ltd."

After handling highway contracts in all parts of the country during the twenties, he succeeded in his first really big deal in connection with the construction of Boulder Dam. The contracts for this enterprise were of such a size that neither Kaiser nor any other single contractor on the West Coast could have undertaken to fill them. So Kaiser arranged the merger of six firms